

## Message Text

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C O N F I D E N T I A L STATE 001400

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. ITALY: SOCIALISTS TO PULL THE PLUG?

COMMUNISTS AND CHRISTIAN DEMOCRATS ARE MOUNTING MAJOR EFFORTS TO PLACATE THE SOCIALISTS AFTER PARTY SECRETARY DE MARTINO'S THREAT, IN A DECEMBER 31 NEWSPAPER EDITORIAL, TO WITHDRAW SUPPORT FOR THE GOI. THE SOCIALISTS HAVE BEEN ANGERED BY:

--PARLIAMENTARY MANEUVERING BY CHRISTIAN DEMOCRATS WITH COMMUNIST COOPERATION ON THE ABORTION ISSUE;

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--GOI APPROVAL OF TWO SENSITIVE ECONOMIC ISSUES FOR

ADOPTION BY PARLIAMENT; AND

--FAILURE TO BE CONSULTED ON EITHER ISSUE.

EMBASSY COMMENT: DE MARTINO HAS IN EFFECT SERVED THE CHRISTIAN DEMOCRATS WITH AN ULTIMATUM TO ASSOCIATE THE COMMUNISTS WITH THE NATIONAL GOVERNMENT MAJORITY "IN SOME MANNER." SOME SORT OF GOVERNMENT CRISIS THUS IS VIRTUALLY INEVITABLE WITH ONLY THE TIMING IN DOUBT. (CONFIDENTIAL) ROME 18949 AND 54, 1/2.)

## 2. NIGERIA HEADING TOWARD OIL NATIONALIZATION?

EMBASSY LAGOS REPORTS THAT THE NIGERIAN MINISTRY OF PETROLEUM AND ENERGY BLUNTLY TOLD OIL COMPANY EXECUTIVES DECEMBER 31 THAT THE PRICE OF GOVERNMENT OIL WILL BE RAISED TO 12.74 DOLLARS IN THE FIRST QUARTER OF 1976. ANY PREVIOUS PRICE AGREEMENTS WILL NOT BE HONORED. THIS, THE EMBASSY OBSERVES:

--WILL SLASH THE PROFIT MARGIN OF THE PRODUCING COMPANIES SO DRASTICALLY, FROM 40 CENTS PER BARREL TO 25 CENTS PER BARREL, THAT NO NEW INVESTMENT WILL BE MADE;

--COMPARES TO THE PROFIT MARGINS THAT NATIONALIZED COMPANIES IN OTHER COUNTRIES ARE EARNING AS OPERATING FEES AND SUGGESTS THAT THE NIGERIANS ALSO HAVE NATIONALIZATION IN MIND;

--WILL BE ACCOMPANIED BY MANAGEMENT COMMITTEES SET UP TO OVERSEE COMPANY OPERATIONS AND PRESIDED OVER BY A MILITARY OFFICER. (CONFIDENTIAL) LAGOS 44, 1/2.)

## 3. ICELAND: FISHERIES DISPUTE DOMINATES YEAR END REVIEW

PRIME MINISTER HALLGRIMSSON DEVOTED MORE THAN ONE THIRD OF A LENGTHY YEAR END ARTICLE IN MORGUNBLADID TO THE FISHERIES DISPUTE WITH THE BRITISH. CRITICIZING THE UK'S RESORT TO FORCE, THE PRIME MINISTER POINTED OUT THAT:  
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--WITHOUT A MAJOR POLICY CHANGE BY THE UK, THERE IS LITTLE BASIS FOR A SETTLEMENT.

--TIME IS ON ICELAND'S SIDE SINCE THE GOI EXPECTS AGREEMENT ON A 200-MILE ECONOMIC ZONE AT THE UPCOMING LOS SESSION. (UNCLASSIFIED) REYKJAVIK 5, 1/2.) INGERSOLL

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